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ABSTRACT

The Family Independence (FI) program transformed South Carolina's welfare program into a transitional assistance program emphasizing engagement in socially responsible behavior and participation in employment and employment-related activities. It helps families become economically independent through reform of: employment and training, welfare time limits and financial eligibility, parental responsibility, and child support enforcement. This study evaluated the FI program, addressing specific policies and provisions. It looked carefully at: the requirement for participation in substance abuse treatment, the delivery of relocation assistance services, and the implementation of three processes (conciliation and sanction procedures, education provided about transitional benefits, and the effect of limited or broad availability of programs and services on customer outcomes). Data were collected at the state, county, and individual levels through interviews, site visits, and focus groups. Overall, many FI customers were working. The program changed in philosophy toward a more holistic, family-centered approach. It had limited success incorporating substance abuse screening and treatment. Case managers needed training in several areas. Relocation assistance was not well-promoted or understood. Counties were moving toward being more lenient about imposing conciliation and sanctions. Child care and transportation were welfare recipients' two main unmet needs. Site profiles are appended. (Contains 10 references.) (SM)

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SOUTH CAROLINA FAMILY INDEPENDENCE PROGRAM PROCESS EVALUATION

Overall Findings, Context, and Methods

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December 1, 2000

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SOUTH CAROLINA FAMILY INDEPENDENCE PROGRAM PROCESS EVALUATION

Topical Report: Overall Findings, Context, and Methods

Abstract

The Family Independence (FI) Program transformed South Carolina's welfare program into a transitional assistance program that places a strong emphasis on participants engaging in socially responsible behavior and participating in employment and employment-related activities. The Urban Institute conducted a process study of specific features of the FI Program.

This report highlights findings that address specific FI policies and provisions and identifies cross-cutting themes. Many FI customers are working, and South Carolina is positioning itself for the next phase of welfare reform, considering more intensive services and extensions for some, and turning its attention to issues of long-term job retention and advancement for others.

I. Introduction

Implemented in 1996, the Family Independence (FI) Program transformed South Carolina's welfare program into a transitional assistance program that places a strong emphasis on participants engaging in socially responsible behavior and becoming self sufficient through employment and employment-related activities. The stated goal of the South Carolina Family Independence Act of 1995 is to assist families to become economically independent through the reform of four major aspects of public assistance: (1) employment and training; (2) welfare time limits and financial eligibility; (3) parental responsibility; and (4) child support enforcement initiatives.[1] In accordance with the Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (PRWORA), the state submitted a Temporary Assistance for Needy Families (TANF) Block Grant State Plan in October 1996 that incorporated the provisions of the Family Independence Act.

Key provisions of FI include the requirement that all welfare recipients (referred to as "customers" by FI staff) enter into a reciprocal agreement with the state, an Individual Self-Sufficiency Plan (ISSP), that outlines the activities in which the customer will participate. Activities included in the plan are intended to enable the customer to obtain employment, strengthen the family's well-being, and help the family achieve financial independence. For example, the ISSP may include activities such as family skills training, job search, job club, and substance abuse treatment, if necessary. Participation in an alcohol or drug treatment program approved by the Department of Alcohol and Other Drug Abuse Services (DAODAS) is required if a customer: is identified by a case manager as being in need of alcohol or drug abuse treatment; has been convicted of an alcohol or drug related offense; or has given birth to a child who tests positive for drugs.

As a condition of eligibility, customers are required to participate in two weeks of up-front job search and cooperate with child support enforcement officials. Additionally, customers are encouraged to safeguard their children's health through participation in the Early and Periodic Screening and Diagnostic Treatment (EPSDT) program.

The state is dedicated to assisting families to become independent of financial assistance, and offers a number of support services to achieve this end, including assistance with child care, transportation, and work-related expenses such as uniforms and protective equipment. The Family Independence Act also stipulates that relocation assistance may be provided to an FI customer who chooses to relocate either in-state or out-of-state, upon approval by the Self-Sufficiency Case Manager and the county Department of Social Services (DSS) Director or designee. In addition, the Family Independence program allows customers to accumulate some financial reserves to assist in their transition off welfare by increasing the asset and vehicle limits, exempting up to $400 of interest and dividend income, and allowing restricted savings accounts for customers.

Customers are required to engage in work once the state determines they are ready, or by the 24th month of receiving assistance, whichever is sooner. After customers are employed and earning enough money to leave welfare, South Carolina continues to support the goal of family

[1] www.pritr.state.sc.us/reports/summ9503.htm accessed June 21, 2000.

self-sufficiency through the provision of two years of transitional child care and medical assistance. Another feature of FI is time-limited benefits. Financial assistance is limited to 24 months in any consecutive 120-month period, with a lifetime limit of 60 months of federally funded assistance. Therefore, some customers began to lose their benefits in October 1998, two years after the program was implemented. Table 1 summarizes key provisions of the FI Program.

The Family Independence Program, as originally enacted, takes a firm approach to enforcing its objectives. Customers who fail to comply with their ISSP face benefit termination through imposition of a full-family sanction beginning with the first time a sanction is imposed. Although many states have used the flexibility provided under federal welfare reform to strengthen penalties for non-compliance with program rules, South Carolina is one of only 15 states that strengthened its sanction policy to include the entire family.[2] Another feature that separates South Carolina's sanction policy from most states' is the additional requirement that customers be in compliance with their ISSP for 30 days before the sanction is removed and benefits are restored.

Purpose of the Study

The state of South Carolina, Department of Social Services (DSS) was awarded funding by the Administration for Children and Families (ACF), U.S. Department of Health and Human Services for three welfare reform evaluation studies in May 1998. This report describes the purpose, methods, and findings of one of these studies, the process study. ACF awarded funds for the study of two welfare reform provisions that were unique to South Carolina: 1) the requirement for participation in substance abuse treatment; and 2) the delivery of relocation assistance services. In addition, the state included funding in this study to address the implementation of three processes: 1) conciliation and sanction procedures; 2) education provided to customers about transitional benefits; and 3) the effect of limited or broad availability of programs and services on customer outcomes. Together, these provisions and processes represent some of the distinctive aspects of South Carolina's welfare reform.

This study uses process analysis to better understand the implementation of FI policies and procedures. Process analysis examines how and why policies are carried out and why they are carried out in a certain way. The intent is to understand what factors influence the way programs are structured, organized, and managed; and what effects program operations and management have on program outcomes. These two types of understanding are then used to identify the consequences of implementing policies or programs in various ways or under various economic, political, or organizational situations. Such knowledge can also be used to provide recommendations for improving existing programs. Our study addressed the following key research questions, primarily through analysis of administrative data and qualitative data collected for five selected counties:

- How were Case Managers informed of and how do they implement substance abuse treatment provisions of FI? How is treatment affecting participation?

[2] *Welfare Reform: State Sanction Policies and Number of Families Affected* (GAO/HEHS-00-44), March 31, 2000.

Table 1: Key Provisions of South Carolina Family Independence Program

Policy Area	Provision (per TANF Block Grant Plan 10/96)
Eligibility	
Income eligibility limits[a]	$930 (1st month); $630 (after one year)
Asset limits	Value of car up to $10,000 book value; other assets excluded up to $2,500
Other earnings exemptions/disregards	Earnings of minor child are exempted Interest and dividend income up to $400 per person per year is exempted Up to $10,000 deposited in an Individual Development Account will be disregarded from income
Up-front job search requirement	Applicants, as a condition of eligibility, must participate in a two-week job search prior to approval for FI benefits; applicants who are disabled or over 60 are exempt
Eligibility of two-parent families	Eligible provided they meet economic eligibility criteria
Minor parents	Must live with their parents to get benefits (with some exceptions)
Personal Responsibility and Work Requirements	
Agreement	All recipients required to sign an Individual Self-Sufficiency Plan (ISSP) outlining employment and training requirements, family skills training, or other required activities
School attendance	Recipients under 18 are required to attend school
Work participation exemptions	Youngest child under one-year old At least 6 months pregnant Verified physical or mental incapacity Caring for an incapacitated person Unable to participate because child care and reasonable transportation were not provided
Substance abuse	Recipients convicted of drug-related crimes, found to abuse alcohol or drugs, or who give birth to a child that tests positive for drugs must attend rehabilitative programs
Time limits	
Definition of time limits	Receipt of benefits is limited to 24 months out of 120 consecutive months, with an overall lifetime limit of 60 months
Exemptions from time limits	Head of household is disabled Head of household providing full-time care for a disabled person in the home Specific exemptions for minors who have not completed high school, students in approved training programs, and child-only cases Child care or transportation not reasonably available Recipient is in full compliance with ISSP
Extensions to time limits	Month-to-month extensions may be granted by County DSS Director
Sanctions	Full family sanction—terminates welfare for caretakers and their children when caretakers refuse to participate in employment and training or other activity specified in ISSP, or refuses an offer of employment. Benefits reinstated after a 30-day period of compliance
Noncustodial parents	Non-custodial parents may be court ordered to participate in the FI Employment and Training Program
Payments	
Benefit amounts[b]	$201
Family cap	No increase in benefits for children born 10 or more months after the mother begins receiving welfare
Child support pass-through	No
Supportive services	DSS will supply needed transportation, childcare, and relocation assistance to help welfare recipients get a job
Transitional benefits	Transitional Medicaid will be provided for an additional 12 months, up to 24 months Medicaid benefits for alcohol and drug rehabilitation are continued for 90 days after termination of FI benefits due to removal of dependent children from the home because of abuse or neglect

[a] For a family of three with no unearned income or child care expenses, October 1997. Source: Gallagher et al., *One Year after Federal Welfare Reform: A Description of State Temporary Assistance for Needy Families (TANF) Decisions as of October 1997.*

[b] Monthly benefit for a single parent with two children and no income, October 1997. Source: Gallagher et al., *One Year after Federal Welfare Reform: A Description of State Temporary Assistance for Needy Families (TANF) Decisions as of October 1997.*

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- What role has relocation assistance played in the FI program? How has it affected self-sufficiency and employment?
- How are sanction and conciliation processes being implemented?
- How well are participants being educated about transitional benefits? Why do participants voluntarily withdraw and preclude themselves from available transitional benefits?
- How does the availability of resources and services affect counties' ability to facilitate the transition from welfare to work?

Study Methods and Limitations

The study approach includes a statewide perspective of the economic and policy context and an in-depth study of five county DSS offices. Data were collected at state, county, and individual levels. The state-level information includes interviews with key officials, policy statements, and guidelines. County-level data were collected through site visits and follow-up telephone interviews with FI staff in each of the five study counties. County-level socioeconomic data were also compiled. DSS administrative data and focus groups provide individual-level data.

Site visits, conducted from March 1999 through November 1999, included in-depth interviews with county DSS Directors, Family FI Program Coordinators, Self-Sufficiency Case Managers, specialists, and other staff involved with the program. Focus groups with FI customers were conducted at each site to solicit information about their experiences with the program. Interviews were also conducted with staff from the local DAODAS, Department of Vocational Rehabilitation (VR), and other agencies serving FI customers. In addition, a telephone survey was conducted of customers that received relocation assistance.

Administrative data files include all individuals who received FI benefits in State Fiscal Year (July 1-June 30) 1997-1998 and 1998-99. These files were prepared by the South Carolina DSS using data from CHIP and WNAT, the two automated systems into which Case Managers routinely input data. The DSS data files also include unemployment insurance (UI) records for a subset of FI customers, provided by the South Carolina Employment Security Commission. Additional information on child care was provided from WFIN, the state's automated Work Support Financial System for processing these payments.

An important limitation of the data is the lack of information on *participation* in coordinated services, such as substance abuse assessment and counseling, child abuse and neglect, and vocational assessment and evaluation. Since Self-Sufficiency Case Managers are not required to record units of service for these activities, we have information on referrals to these services, but not participation. For example, it was not possible to use the administrative data to determine whether a customer referred to substance abuse treatment actually completed treatment. Another limitation is that the data on sanctions do not include a detailed reason for sanction. Additionally, there is no code in the data system indicating that a customer actually

entered the conciliation period; for purposes of analysis we assumed that if the data system shows that a conciliation notice was sent, the customer entered conciliation.

While the scope of the study broadly considers the entire period from implementation of FI in 1996 through June 2000, detailed data collection and subsequent analysis focus on the period from July 1997 through November 1999.

Site Selection

The purpose of the site visits was to gain an understanding of the implementation of FI policy across a range of organizational configurations, caseload characteristics, sociodemographic profiles, labor market conditions, and availability of services and programs. Accordingly, we selected sites that provided variation across several dimensions, including:

- Size of FI caseload;
- Population;
- Poverty rate;
- Unemployment rate; and
- Geographic location within the state.

In order to assure that there would be sufficient activity to discuss and observe the full range of staff responsibilities and sufficient administrative data to complement our field work, 13 counties were eliminated because they had fewer that 150 adults on FI. A preliminary list of eight counties was reviewed with DSS. Based on input provided by DSS, the following five counties were selected: Charleston, Clarendon, Marion, Spartanburg, and Sumter. Table 2 describes the five local sites based on the site selection characteristics. Brief profiles of each site are provided in Appendix A.

Table 2
Study Sites

Characteristic	Charleston	Clarendon	Marion	Spartanburg	Sumter
FI Caseload[a]	1,070	333	197	535	789
Population[b]	284,815	30,683	9,525	244,980	106,589
Poverty Rate[c]	18.9%	30.2%	20.5%	12.7%	21%
Unemployment Rate (1998) [d]	2.8	6.0	8.4	2.8	4.2
Urban/ Rural[e]	88% urban	84.4% rural	100% rural	52.2% urban	59.1% urban
Location in the state	South	Central	East	Northwest	Central

[a]Number of FI adults as of September, 1998.
[b]Estimated July 1, 1997 (source: South Carolina Statistical Abstract 1998, p. 17)
[c]Percent of people below poverty 1995 (source: South Carolina Statistical Abstract 1998); statewide =15.7%
[d]South Carolina Statistical Abstract 1998; statewide =3.3%
[e]Percent of population residing in urban/rural area (MSA) (source: South Carolina Statistical Abstract 1998, p. 352)
[f]There are seven DSS regions.

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II. Organizational Context

South Carolina's welfare system is state-administered under the direction of the South Carolina Department of Social Services. FI, as well as other social services programs (e.g., Medicaid, Food Stamps) and Child Protective Services, is provided through county DSS offices, staffed by state employees. Although policies are set at the state level, county DSS Directors and FI Coordinators have a fair degree of flexibility in implementing policies and procedures.

The state has several methods in place for informing county DSS staff of policy and procedural changes in the FI Program. Until recently, Policy Memoranda were sent to county Directors for distribution to their staffs and Policy Alerts were sent to county Directors, Program Coordinators, Supervisors, Workforce Consultants, and Self-Sufficiency Case Managers. Updates are now provided on line, with computer broadcast messages alerting staff to changes and updates to the on-line policy manual. In addition, DSS organizes training sessions on specific aspects of the FI program, as well as on general case management and interpersonal skills. These sessions are offered to county DSS staff on a voluntary basis. An initial 15-day training course was required of all Self-Sufficiency Case Managers when FI was implemented, and all new Self-Sufficiency Case Managers are required to complete this course and pass a test to receive certification to work with FI customers.

Prior to 1999, the state was divided into seven DSS regions. However, the role of regional offices in administering the FI program was limited and was in transition at the time of FI implementation. When FI began, one county Director in each region was also assigned the responsibility for regional administration. This then evolved into a separate level of regional administrators, although they did not have support staff. The regional structure was solidified in early 1997 with separate regional Directors, and technical assistance staff were transferred from the state DSS to the regions. However, in July 1999, the technical assistance staff were reassigned back to the state Deputy Director of Operations. Each former regional Director now works at the state level assisting on specific program areas, such as the FI program, child protective services, or other county monitoring/consultation roles.

DSS is continually exploring ways to best assist local offices and get input from the local offices in shaping policies and procedures. To assist in FI implementation, Family Independence Review and Enhancement (FIRE) Teams were established. FI Supervisors participated in regional FIRE teams that met monthly to share information and review policy changes. In addition, two representatives from each region participated in a state-level FIRE team. As of late 1999, the state no longer has FIRE teams, although some may continue to meet informally. Most recently, an "Executive Management Team," consisting of central office staff and three county Directors, was formed for the purpose of coordinating and soliciting input from the field and identifying issues of concern at the state and the local level.

The FI Program also has a Business and Industrial Relations Department (BIRD), which supervises Workforce Consultants/Job Developers located at county offices as well as at the state level. BIRD and the locally-placed Workforce Consultants are intended to serve as the liaison between FI and the workforce development system.

FI Implementation

The South Carolina Family Independence Act was signed into law on June 14, 1995, and implementation began in January 1996. Prior to approval of the state's TANF Block Grant Plan in October 1996, the program operated under a demonstration waiver granted by the U.S. Department of Health and Human Services. The waiver demonstration required an experimental design, which included the selection of control counties. With the passage of the Personal Responsibility and Work Opportunity Act, the experimental design was never implemented. However, in anticipation of the demonstration, Charleston began implementation in September 1995 as a pilot county, and training for all staff and full implementation of FI was delayed several months in Spartanburg and Sumter, the two control counties.

A key change that came about with FI involved the role of eligibility workers, whose job responsibilities were expanded to include case management, creating a combined position called Self-Sufficiency Case Manager. While some workers responded well to the more intense interaction with customers, others have had more difficulty making the transition. For all workers, there has been a lot to learn with respect to rules and procedures. Self-Sufficiency Case Managers and Supervisors commented on the frequency of changes as policies were implemented and then clarified.

A number of information system changes were made when FI was implemented to reflect the policy changes, including: creation of an up-front job screen, time limit tracking, programming changes related to asset limits, and changes related to individual and family sanctions. Caseworkers also had to learn the WNAT system, which was previously used only by JOBS workers. Goal Reporting was an important feature of FI for staff and Supervisors. DSS counties reported and were evaluated on specific performance measures, including participation rate, job placements, participation in education and training, and 90-day job retention rate. Counties were scored on their performance using a point system and these scores were used to evaluate the performance of county staff.

III. Political and Economic Context

The period since implementation of FI in late 1996 has been a time of change politically and economically. The most notable changes during the period of welfare reform in South Carolina are a dramatic drop in the cash assistance caseload, a change in state-level administration, and a strong economy in most parts of the state.

Administration and Policy Changes

In January 1999, Governor Jim Hodges took office, replacing Governor David Beasley. A new Director of the Department of Social Services, Elizabeth Patterson, was appointed. Patterson, a lawyer specializing in health and children's issues, is a well-respected child advocate. Upon accepting the position of DSS Director, Dr. Patterson indicated, "there won't be a 'sea change' in South Carolina's approach to welfare reform," but she said, "If I were making changes in the welfare program that's in place now, the chances are they might involve an

injection of a greater level of compassion into the program."[3] Based on FI policy changes as well as reactions from county and state-level DSS staff, it appears that Dr. Patterson has succeeded in "softening" the message of the FI program. Respondents noted that the focus of FI has changed from job placement under the previous DSS Director to family well-being under the current Director, and that child protection and FI are working together more closely to serve families.

The change in the overall state philosophy guiding the FI program is reflected in policy changes related to sanctions, extensions, and goal reporting. FI staff in several counties noted an ease in the sanctioning policy under the new DSS administration. Although no specific directive was issued, staff felt they noticed an increased emphasis on meeting the needs of the family and greater attention paid to how sanctions affect children in the family unit. This was reinforced by a March 1, 1999 revision to the FI Policy Manual stating that "for cases that show no [child welfare] involvement, counties should develop follow-up procedures to ensure the well-being of the family."[4] However, even prior to 1999, FI policy was moving towards a more judicious approach to sanctions. FI policy as of January 14, 1998 requires that an informal staffing be held between the Self-Sufficiency Case Manager and the FI Supervisor *before* a full-family sanction is imposed. The policy states:

> The following information should be reviewed to ensure that appropriate actions were taken and that the sanction is unavoidable: conciliation notice; client appointment notice; documentation of appointment results; and [evidence of] active or prior substance abuse.[5]

A more explicit shift is evident in the policy concerning extensions. In a Policy Directive issued on April 30, 1999 (Directive Memo D99-29), Dr. Patterson stated:

> Due to my commitment for enhancing the welfare of children, I am asking that all FI cases reaching the 24-month time limit be reviewed with the utmost care at the 22nd month staffing. Particular attention should be given to the time limit extension policies outlined in the FI Online Policy manual. Consideration of the impact on children should be included in your decisions to extend benefits while adhering to policy guidelines. In situations where it may be difficult to decide whether or not to extend benefits, it is better to extend rather than to deny benefits.

Local FI staff, especially Self-Sufficiency Case Managers, expressed concern that the policy changes, especially the extension policy, would weaken their ability to enforce customer compliance with the ISSP. In three of the five counties in our study, we were told that the change resulted in extensions being granted more easily, and some Case Managers felt extensions were granted to "undeserving" customers. However, other Case Managers in these same sites felt that the more lenient extension policy was a good thing for some customers. In one of the five counties, the change was viewed positively because Case Managers were

[3] South Carolina Department of Social Services. Based on an article that appeared in *The State* newspaper, February 15, 1999.
[4] SC DSS FI Policy Manual; March 1, 2000.
[5] Family Independence Alert Issue No. 51, January 14, 1998.

becoming concerned about those customers who had reached their 24-month time limit. In the fifth county, FI staff did not view the change as significant, since they were already taking a careful look at customers in the 22nd month and granting extensions when appropriate.

One change was viewed positively by all local staff, especially FI Coordinators and Supervisors. As of July 27, 1999 (Directive Memo D99-68), FI Goal Reporting was no longer required. According to the Policy Directive, other measures and procedures are being developed to monitor county performance:

> The Administration will continue to discuss with county Directors which outcomes we need to measure and track. Thereafter, the information systems will be modified to respond to agency needs.

According to state-level respondents, the Administration wants FI staff to look beyond placement rates and 90-day job retention rates in measuring success. Local respondents noted that the direction of FI moved from being very "numbers driven" under the previous Administration to placing greater emphasis on the impacts on families and children.

Caseload Declines

Since January 1997, South Carolina's caseload has dropped by just over 55 percent to 16,593 families in December 1999. This decrease has significantly outpaced most other states' caseload declines. While the greatest caseload declines were in 1997 (26 percent) and 1998 (29 percent), the caseload has continued to decline, albeit more slowly, with a decline of 10 percent in 1999 and 5 percent in the first six months of calendar year 2000. [6] The composition of FI cases has changed as well--a higher proportion of FI cases are child only. Site visit respondents indicated that those adults required to participate in work activities tend to have multiple barriers to employment, requiring more intensive services to prepare them for employment. Self-Sufficiency Case Managers refer to this as "digging deeper into the caseload," as those with fewer barriers have found employment and either left cash assistance or decided not to apply for benefits.

Economy

South Carolina, like most of the country, has benefited from the continued economic expansion of the past 10 years. In most parts of the state, entry-level jobs, as well as jobs for more skilled workers, are readily available. The state's unemployment rate in July 1999 was 4.4 percent and unemployment has been under 5 percent since June 1997. [7] The geography of the state is also a factor, since even in rural areas where job growth is limited, there are usually jobs available within a two-hour drive. An expanding economy provided the ideal environment for implementing FI, with its up-front job search, work-first philosophy, and emphasis on job placement rates. However, after almost four years, some of the drawbacks of this approach are

[6] South Carolina Department of Social Services Family Independence Statistics; http://www.state.sc.us/dss/fi/stats.html, accessed August 24, 2000.

[7] http://research.badm.sc.edu/research/data/ur.htm (calculated from data provided by the South Carolina Employment Security Commission), September 7, 2000.

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being discovered. Since customers needed little more than job search and an explanation of the requirements and work-related supports of FI to get a job, neither Case Managers nor customers had an incentive to address other personal barriers, which might later affect job retention or advancement. Now, as customers are returning because they have lost their jobs or they are facing the expiration of transitional benefits when their earnings are still very low, these issues need to be addressed.

IV. Summary of Findings

This section highlights the findings of each of the topical papers that address specific FI policies and provisions, and presents overall conclusions in the context of welfare reform nationally.

FI Requirement for Participation in Substance Abuse Treatment

Our study of this provision found that the development of smooth interagency communications and procedures between DSS and DAODAS has been a slow process, and referrals to substance abuse treatment have been much lower than anticipated based on the level of need projected for FI customers. We identified the following reasons for the limited success of the endeavor to incorporate substance abuse screening and treatment with FI participation:

- Slow implementation and inadequate follow-through of training initiatives;
- Work-first emphasis of the FI program;
- Policies determining work activity participation rates; and
- Administrative procedures and data limitations.

In spite of the slow start and limited local participation in interagency training, employees of both DAODAS and DSS seem to be familiar with the operations of the other organization and are overcoming the challenges to working together. DAODAS staff expected to receive a large number of referrals and to perform assessments, and the concern that their services are being underutilized has been a cause of strained relationships between the two agencies in some counties. However, at all sites visited, DAODAS personnel seem anxious to work with DSS and would welcome more referrals.

Relocation Services

Relocation assistance is not a well-promoted provision of the Family Independence Program. FI staff and many customers appear to be resistant to the concept of moving away from family and other support networks. Although it is not likely that this provision will ever become a primary focus of the FI Program, it appears to have been beneficial to customers who have received this form of assistance.

A total of 50 customers in the state received relocation assistance from the inception of the FI program through March 1999. A survey of these individuals indicated that, overall, FI customers who have taken advantage of relocation assistance appear to have benefited from the move and are satisfied with the outcome. The successful relocation of most customers who have availed themselves of the FI option may be due to the fact that relocation assistance is generally provided only when customers suggest it themselves and only when they have secured a job or the prospects of employment are favorable.

Conciliation and Sanction Procedures

South Carolina has a strong sanction policy, terminating benefits for the entire family, rather than only the benefits of the work-mandatory customer, for non-compliance with program rules. During the course of our study we detected a move on the part of counties to be more lenient with imposing conciliation and sanctions. While this change in attitude toward sanctioning was typically attributed to changes in state-level leadership, it is important to note that this trend is consistent with what is happening across the country. As the TANF caseload has continued to shrink, those individuals left on TANF (or FI) tend to have more barriers to work and need more support and services to help them reach self-sufficiency. The response of Case Managers and Supervisors to this hard-to-serve population appears to be supportive rather than punitive. Other key findings of this study are:

- The threat of a full-family sanction appears to assist Self-Sufficiency Case Managers in enforcing FI Policy, but at the same time, provides an incentive for Case Managers to encourage conciliation rather than penalize the children and other benefit group members.

- There is considerable variation in the implementation of conciliation and sanction procedures. The variability with which good cause is determined and sanctions are imposed is consistent with FI Policy, which states that case managers "must exercise judgement and must make every effort to assist customers in overcoming barriers to successful participation in the program."[8]

- There appears to be little variation in the characteristics of customers in conciliation or sanction status. Customers are more likely to be sanctioned when they first enter FI, but sanctioning is not more likely after one activity than another.

Education about Transitional Benefits

Under FI, the following transitional benefits are available to customers for two years after leaving the program due to earnings or reaching their time limit: child care, Medicaid, transportation assistance, and supportive services required for work, such as medical exams, prescription glasses, safety equipment, automobile repair, uniforms, and transportation. A customer who notifies her/his case manager that s/he no longer wishes to participate in FI is considered to have withdrawn voluntarily and forfeits eligibility for transitional benefits.

[8] SC DSS FI Policy Manual, March 1, 2000.

The rate of voluntary withdrawals from the FI program is about 10 percent statewide and, in state fiscal year 1999, over 60 percent of these individuals were employed in the quarter that they withdrew from the FI program.

In the five counties we visited, Case Managers, job skills instructors, and retention specialists all addressed the subject of transitional benefits in their interactions with FI customers. Information about transitional benefits and the message discouraging voluntary withdrawal are reinforced at several points during a customer's participation in FI. Brochures describing transitional services are not consistently available to customers, but focus groups indicated that customers are aware of transitional benefits. A significant change in policy regarding transitional benefits was the April 1999 determination that receipt of transitional services no longer counts toward TANF time limits.

With regard to educating customers about transitional benefits and program features that "make work pay" we found that variation occurred largely at the level of the individual caseworker rather than at the county level. Some Case Managers had difficulty in understanding the various components of transitional benefits, income disregards, and the Earned Income Tax Credit (EITC) and how these affect family income. Because Case Managers were unclear about the details of the various programs and did not feel comfortable computing family budget examples for customers, they either avoided the subject in their discussion with customers or provided incomplete information to customers.

Availability of Services

A basic core set of services are available to FI customers: job search, Job Club, Family Life Skills, assessment, and child care and transportation assistance. The way in which these services are provided varies across counties, with the greatest variation occurring in the delivery of job training and education services. South Carolina remains a work-first state with a strong emphasis on placing customers in jobs, and therefore does not utilize job training resources and other educational components extensively. In general, Self-Sufficiency Case Managers and other FI staff indicated that they felt there were sufficient resources available in their communities to support families receiving FI assistance.

As is the case throughout the country, child care and transportation are the two biggest unmet needs of welfare recipients. While there appears to be an adequate amount of child care for FI customers, there is very limited child care assistance available for low-income working families in South Carolina. This may contribute to retention issues as more FI customers exhaust their transitional benefits.

V. Summary and Future Steps

Our study of specific provisions and processes of South Carolina's FI program provided the opportunity to observe ground-level implementation as well as review state policies and administrative data. The following section summarizes key points and suggests next steps for

the particular aspects of the FI Program addressed in our study. We conclude with overarching themes to be considered in future planning for the FI program.

Key Points Concerning Specific Features of Family Independence

Requirement for participation in substance abuse treatment. Both DSS and DAODAS generally exhibit a desire to work together productively at the local level, and new programs being developed, such as a revised joint training curriculum and an intensive case management demonstration project, appear promising. The groundwork for more productive substance abuse screening and treatment programs is in place, and with some modifications in procedures, referrals and participation in treatment can be accomplished more effectively.

Relocation services. Since relocation appears to have been beneficial to customers who have received this form of assistance, it should be promoted more actively. While relocation is likely to remain a relatively small part of the FI program, it is an option that should be offered routinely to FI customers.

Conciliation and sanctioning. The threat of a full-family sanction appears to assist Self-Sufficiency Case Managers in enforcing FI policy, but at the same time, provides an incentive for Case Managers to encourage conciliation rather than penalize the children and other benefit group members. This is supported by FI Policy that encourages Case Manager judgment in determining good cause. Two areas for improvement that could be addressed by DSS are the complexity of sanction rules and the limitations of the existing data system, which does not provide a detailed reason for sanction and does not indicate whether a customer actually *entered* conciliation.

Educating customers about transitional benefits. Like the rest of the country, South Carolina needs to focus attention not only transitional assistance, but also on retention issues such as life after welfare, budgeting, EITC, job advancement, and other issues. These efforts were just beginning at the time of our site visits. Case Managers need additional training in the various components of "making work pay." Such training should extend beyond a review of FI policies and include "hands on training" in family budgeting examples that address assets, the EITC, and other factors that affect household income. The recent initiatives addressing job retention provide an opportunity to incorporate these topics in training for Case Managers and to consider additional strategies to improve customer understanding of transitional benefits.

Availability of programs and services. Services most in need in South Carolina are child care assistance for low-income working families and programs that help customers maintain their jobs and advance along a career path. In the future, the state may expand the role of employment and training providers as well as that of educational providers in serving current and former FI customers.

Cross-cutting Themes

County Variation and Communications with the State. There has always been county variation in implementation of DSS policies, and it continues under FI. Both state and local staff appear comfortable with the flexibility afforded to counties. However, we did note that the state's limited involvement in county implementation creates information gaps between the state and the counties. For example, the state develops training programs, but does not require or monitor county participation in the training programs. State officials indicate in interviews that a training program was offered but they do not know whether all counties send staff to the training or how the training was used at the local level. FI included a provision for a Workforce Consultant/Job Developer in each county office. In some counties this position has never been filled and it is not clear that the state knows whether this function is being carried out in every county.

State officials speak of the change that FI brought to the state's welfare system, but some county offices have brochures in their waiting rooms that are outdated and refer to "AFDC" rather than "TANF" or "FI." The state made substantial changes to the information system used by case managers, but the computer screens continue to use the term "AFDC" in their headings. In part this is due to time constraints, which required initial changes to focus on basic programming adaptations before turning to more detailed modfications. However, it appears that while the state expended considerable resources and effort to "retool" for FI, and continues to work on improvements, there is limited follow-through to ascertain whether these efforts have produced their intended effects at the local level.

From the county perspective, information gaps exist as well. Counties continued to prepare goal reports for several months before they received word of the policy change that the reports were no longer required. Mechanisms for supporting counties in understanding and implementing FI policies such as FIRE Teams and regional offices were changing, but county Directors and FI Coordinators did not appear to know about planned changes. FIRE teams didn't have meetings and regional technical assistance staff were reassigned, but county staff did not know of official changes until months later in some cases.

Many FI Customers Are Working. The combination of a work-first approach, an abundance of low-wage jobs, and higher income eligibility and income disregards than many states, had resulted in many FI customers who are working. More than half of able-bodied adults receiving FI were employed in state fiscal years 1998 and 1999.[9] This feature of the FI caseload should shape the nature of services offered to FI customers. Like the rest of the country, South Carolina needs to focus its attention on retention issues, not only transitional assistance, but also life after welfare, budgeting, EITC, job advancement, and other issues. One county Director noted the need to do more for customers that have obtained entry-level jobs, such as GED classes and training for advancement. These services will need to be provided in a way that is accessible to the working individual. Another respondent expressed concern about the lack of child care assistance for the working poor, since most customers will continue to be employed in low-paying jobs after their two years of transitional assistance. Efforts to address these issues were just beginning at the time of our site visits.

[9] The Urban Institute's calculations are based on data provided by the South Carolina DSS, form the CHIP and WNAT systems.

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South Carolina's Move toward a More Family-Centered Approach. Site visits and interviews provided evidence of a change in philosophy to a more holistic, family-centered approach for the FI program. While most respondents attributed this change to a new state administration, from a national perspective, the shift in South Carolina's focus is a natural next step in the evolution of welfare reform. The work-first approach, through time limits, a tough sanction policy, and a good economy achieved the first step towards self-sufficiency for those who were job-ready. Some will fail this labor market test and return to cash assistance. Others will remain employed but find themselves unable to manage on their wages when time limits are reached or transitional benefits run out. Finally, there will be those who never succeeded in finding employment under the work-first approach. Lack of skills, family issues, and personal problems such as substance abuse are likely barriers faced by all of these groups.

South Carolina is positioning itself for this next phase of welfare reform, considering more intensive services and extensions for some, and turning its attention to issues of long-term job retention and advancement for others. This will require increased coordination with the workforce development system, and with adult education, substance abuse, and mental health providers. It will also require the provision of child care for working families who are no longer eligible for FI.

Case Managers need training on assessment, intensive case management skills, and the various components of "making work pay." Workforce Consultants/Job Developers need to be an integral part of the service package. Finally, the state needs to assure that these activities are happening at the local level and work with counties to assure that they have the training and support needed to coordinate these expanded services for FI customers.

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APPENDIX A: SITE PROFILES

Clarendon County is very rural and the local economy has been lagging behind the rest of the state. The unemployment rate in July 1999 was up to 8.8 percent. However, by July 2000 the unemployment rate had gone down to 7.5 percent.[10] Primary employers are in the food services, housekeeping, and manufacturing sector. Most jobs require a high school diploma, which poses a problem since 21 percent of the county population has less than a ninth grade education. The majority of the population is white (53.7 percent); the rest is African-American (45.7 percent).

Charleston County includes two urban areas—Charleston and North Charleston—and a substantial rural area, predominantly on the islands surrounding the city. The DSS office is in North Charleston, where approximately half of the FI caseload resides. The local economy depends heavily on seasonal tourism. Local agriculture has diminished greatly in recent years, as has the resulting migrant population. The economy is strong, with an unemployment rate of 3.8 percent in July 1999. Primary employers are in the service sector, including food service, colleges and universities, and hospitals. Charleston was a pilot county, implementing FI before the rest of the state.

Marion County is a small, rural county 45 miles from Myrtle Beach. The two major towns, Marion and Mullins, each have populations under 8,000. Fifty-five percent of the population, and 80 to 85 percent of Family Independence (FI) customers are African-American. The county has the highest unemployment rate in the state at 14.1 percent in July 1999, and 19.1 percent in July 2000. The major employers in the area include factories, a chicken processing plant, and the regional transportation authority. Myrtle Beach jobs, such as hotel, fast food, entertainment (ushers), and house cleaning are an important source of employment for FI customers. Factory closings occurred recently at several textile manufacturers. Although work at one of the factories and at the beach can be seasonal, respondents reported that the Myrtle Beach season has lengthened considerably and that the best workers are often kept on during the off-season. Many customers are placed through temporary employment agencies. Prior to Family Independence, Marion County had its own welfare reform program called Family Support, which included home visits, combining the roles of Eligibility Workers and Case Managers, emphasizing economic and job development, and stressing work over education and training.

Spartanburg County is a mixed urban/rural (52.2 percent urban) county in northwest South Carolina. The county is long and large; the majority of FI customers reside within the city of Spartanburg, while many of the jobs are outside the city limits. The county population is 53.9 percent white, 44.7 percent African American, 1.7 percent Hispanic, and 1.3 percent other. The unemployment rate was 5.5 percent in July 1999 and 4.5 percent in July 2000. Most respondents reported that the local economy is very good and there are ample jobs available. Greer, in particular, is "booming" due to a BMW plant. However, jobs are often not where applicants live and transportation continues to be a problem for low-income individuals. Major employers are in the service industry, including the Spartanburg Regional Hospital. Many customers are placed through temporary employment agencies. Spartanburg was one of two control counties and started their FI Program after the rest of the state, in October 1996.

Sumter County is a mixed urban/rural (59.1 percent urban) county in the center of South Carolina. Sumter's population is 68.9 percent white, 30.8 percent African American, and 0.3 percent Hispanic. According to staff, there are more job openings in the area than there are applicants. There is a significant amount of agriculture in the area. Shaw Air Force Base is also a major factor in the economy. Most entry-level jobs are in the service sector, manufacturing plants, and a chicken processing plant. There is some demand for Certified Nurse Aides. Sumter was also a control site during FI implementation.

[10] 1999 and 2000 unemployment rates are taken from Workforce Trends Newsline, July 2000. http://www.sces.org/lmi/news/met0007.htm